

Entered April 30, 1984
JDR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 8156
Order No. R-7503

APPLICATION OF TXO PRODUCTION
CORPORATION FOR PERMISSION TO
DRILL IN THE DESIGNATED POTASH-
OIL AREA, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on April 12, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 30th day of April, 1984, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, TXO Production Corporation, seeks to drill an oil well in the Halfway-Yates Pool to be located 2310 feet from the North line and 1650 feet from the East line of Section 16, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico.
- (3) That the proposed well location is within the Potash-Oil Area as designated by Commission Order No. R-111-A.
- (4) That Noranda Exploration, Inc. did appear and oppose the drilling of the well at said location.
- (5) That there are probable deposits of oil in the Yates formation underlying the SW/4 NE/4 of said Section 16 which can be produced from a well drilled at said location.

(6) That New Mexico Statute 70-2-12.B(17) states, "to regulate and where necessary prohibit drilling or producing operations for oil or gas within any area containing commercial deposits of potash where such operations would have the effect unduly to reduce the total quantity of such commercial deposits of potash which may reasonably be recovered in commercial quantities or where such operations would interfere unduly with the orderly commercial development of such potash deposits."

(7) That Noranda is the lessee for potash underlying said Section 16.

(8) That Noranda did testify that the potash reserves underlying said Section 16 were not, at this time, commercial potash reserves.

(9) That active mining operations in Section 9, immediately north of said Section 16, have been suspended, presumably because of potash market and uneconomical operating conditions.

(10) That the first probable oil zone in the Yates formation occurs at approximately 2405 feet in depth, only approximately 555 feet from the base of the potash deposit in said Section 16.

(11) That because of the minimum vertical distance between the base of the potash and the first prospective pay zone in the Yates formation, directional drilling from a different surface location, to develop the Yates, is impractical.

(12) That casing and cementing requirements required under the provisions of Order No. R-111-A are adequate to prevent the migration of oil and gas to the Salado formation.

(13) That the application should be approved.

IT IS THEREFORE ORDERED:

(1) That the application of TXO Production Corporation to drill an oil well in the Halfway-Yates Pool located 2310 feet from the North line and 1650 feet from the East line of Section 16, Township 20 South, Range 32 East, NMPM, Lea County, New Mexico, is hereby approved.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-3-
Case No. 8156
Order No. R-7503

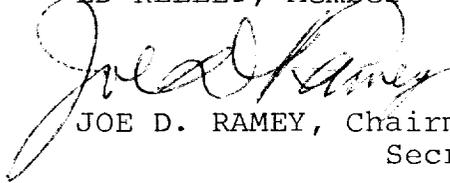
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



JOE D. RAMEY, Chairman and
Secretary

S E A L

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